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COMMERCIAL
AUTOVON
IN REPLY REFER TO:

4200
Ser 21A/2131
02-23
19 Jul 02

From: Commander, Naval Supply Systems Command

Subj: WASTEFUL SPENDING

Encl: (1 ASN(RD&A) memo of 01 Jul 02

1. Enclosure (1) is forwarded for your information and action as appropriate. While no specific Navy actions are cited in enclosure (1), you are reminded that as keepers of the "public trust," it is important that all our actions, including those made with the purchase card, reflect sound business decisions and judgment. Wasteful spending is unacceptable and individuals that fail to spend our resources prudently will be held accountable.

2. In accordance with the guidance in enclosure (1), please distribute a copy of enclosure (1) to all contracting and purchasing personnel as well as any other employees you deem appropriate. Procurement Performance Management Assessment Program (PPMAP) staffs are requested to disseminate the policy letter to all contracting activities under their cognizance.

3. Point of contact for more information is Ms. Mary Thomas, SUP 21A, at 717-605-2551, DSN 430-2551 or email at Mary_M_Thomas@navsup.navy.mil.

DAVID M. FITZGERALD
By direction

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JUL 01 2002

MEMORANDUM FOR DISTRIBUTION

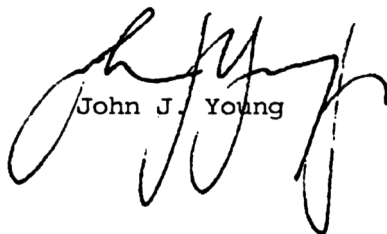
Subj WASTEFUL SPENDING

Encl (1 SECDEF Memo same subject, dated June 3, 2002

The enclosed memorandum from the Secretary of Defense expresses his concerns regarding inappropriate and wasteful spending by DOD employees.

I strongly share Secretary Rumsfeld's concerns! Wasteful spending deprives the Department of valuable funds that could otherwise be used to satisfy critical requirements. It also conveys to Congress and the public that we are not serious about managing our resources well. Although the GAO report that prompted Secretary Rumsfeld's memorandum only addresses wasteful spending by Army and Air Force personnel, I am concerned, based on recent experience with the Government Purchase Card program, that GAO would have found similar results had the audit also examined Department of the Navy activities.

Therefore, I would like each of you to take steps to ensure that our work force understands that wasteful spending will not be tolerated and that we will hold people accountable if they fail to spend our resources prudently. As one step, please distribute a copy of the enclosure (1) memorandum to all of your employees with contracting or purchasing authority and to any other employees, as you deem appropriate. It is important that these people know how important this issue is to Secretary Rumsfeld.



John J. Young

Distribution:
(See next page)

Rev 7-12-02

June 3, 2002 1:26 PM

TO: Service Secretaries
Under Secretaries

FROM: Donald Rumsfeld 

SUBJECT: Wasteful Spending

This recent report about wasteful spending bothers me and I know it does you, too.

I sure hope that when you have all investigated the problems here, that we don't decide there is no one to be held accountable. These sound like very poor decisions, and we are never going to change the culture around here without imparting the appropriate sense of urgency about our responsibilities as stewards of taxpayer money.

Please look into this and into our spending practices generally and let me know what course of action you recommend.

Thanks.

Attach.

Hoffman, Lisa; Scripps Howard News Service, "\$24,000 Sofa Among Luxuries Bought by Army and Air Force," *Seattle Post-Intelligencer*, 05/30/02

DHR:dh
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Please respond by 07/12/02

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Seattle Post-Intelligencer
May 30, 2002

\$24,000 Sofa Among Luxuries Bought By Army And Air Force

By Lisa Hoffman, Scripps Howard News Service

WASHINGTON -- A \$24,000 sofa and armchair. An \$1,800 pillow. And \$45,800 in silver and china. Such accoutrements would cause little surprise if found in the abodes of the wealthy and well-known.

But government auditors discovered these pricey items -- and many more -- not in a mansion but at Air Force and Army bases in Saudi Arabia, the rest of the Persian Gulf, Europe and the Balkans.

In a just-released report, the General Accounting Office informed Congress that its auditors found a number of "seemingly unneeded expenditures" made by the Air Force and Army in 2000 and 2001.

"As much as \$101 million in contingency operations funds were spent on questionable expenditures" -- a small fraction of the estimated \$2.2 billion examined by the investigators, but troubling nonetheless, the report said.

Among those were \$4,600 worth of "white beach sand" for an air base in the Arabian desert and a \$3,400 Sumo wrestling suit for another.

The Army came in for criticism for duplicating purchases of computers and office equipment at its bases in Bosnia to the tune of \$2.3 million.

Rather than using equipment already there or sharing new items, four successive Army units heading for Bosnia bought their own sets of equipment, the GAO said.

That struck the auditors as particularly wasteful, given that the Army has stocked more than 2,000 computers, 865 printers, 91 copiers and "a multitude of other office equipment" in the area. However, Army officials said that differences in missions and training of the various units serving in Bosnia necessitated some of the equipment purchases.

The auditors blamed Pentagon and Army superiors for failing to provide the clear guidance and strict oversight needed to rein in such practices.

The Air Force was also criticized for an array of what the GAO deemed unjustified and excessive spending, including:

At al Dhafra Air Base in the United Arab Emirates, the service bought a \$2,200 coffee table.

At Prince Sultan Air Base in Saudi Arabia, it bought a \$24,000 loveseat and arm chair and \$9,800 worth of Halloween decorations.

At al Jaber Air Base in Saudi Arabia, the questionable spending included an \$1,800 "executive high-back" pillow, a \$3,000 computer tutorial titled "The Intelligent Investor" and \$19,000 worth of decorative "river rock."

At various Air Force installations in the Persian Gulf region, the service bought a \$35,000 golf cart, a \$16,000 corporate golf membership and \$5,333 in golf passes.

Military experts claim that such recreational items can be a useful tool for building good relations with officials of a host country, whom base officers can invite for, say, a friendly round or two of golf.

The GAO report said Pentagon officials generally agreed that better oversight is needed to prevent wasteful spending.